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Note by the secretariat

Addendum

Report of the Workshop on Harmonising Poverty Statistics

Summary

The Workshop on Harmonising Poverty Statistics was held on 25 September 2017 in Budva, Montenegro.

The report is submitted to the Conference of European Statisticians for information.

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I. Attendance

1. The UNECE Workshop on Harmonising Poverty Statistics was held on 25 September 2017 in Budva, Montenegro. It was attended by participants from Armenia, Austria, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Republic of Moldova, Russian Federation, Switzerland, Ukraine and Uzbekistan. The Interstate Statistical Committee of the Commonwealth of Independent States (CIS-Stat), the United Nations Development Programme (UNDP) and the World Bank were also represented. An expert from Oxford University (United Kingdom) participated at the invitation of the UNECE secretariat.

2. The workshop was conducted under the project "Harmonized poverty indicators for monitoring sustainable development in the CIS countries" funded by the Russian Federation. Additional financial support was received from the United Nations Development Account (9th tranche) project "Promoting equality".

II. Organization

3. The following topics were discussed at the workshop:

(a) Comparable statistics for poverty monitoring;

(b) Harmonising data collection in household surveys.

4. The discussion at the workshop was based on presentations and papers that are available on the UNECE website: http://www.unece.org/stats/documents/2017.9.poverty.workshop.html

5. The meeting was held back-to-back with the UNECE Expert meeting on measuring poverty and inequality (26–27 September).

III. Summary of proceedings

A. Comparable statistics for poverty monitoring

6. The session discussed cross-country comparability of poverty measures in response to the needs of the 2030 Agenda for Sustainable Development. For producing poverty-related Sustainable Development Goal (SDG) indicators, countries mainly use household budget surveys, labour force surveys, living standards surveys and administrative records. Indicators, however, produced from the different sources are not necessarily aligned. Moreover, sometimes the data source for an aggregate indicator is not the same as the one used for indicators disaggregated by gender, age, employment status or other characteristics. In this context, the World Bank, Latvia and Azerbaijan presented their activities.

7. To construct comparable microdata across countries, regions, and across years for global monitoring of poverty and shared prosperity as well as for producing other indicators related to welfare distribution, the World Bank has developed the Global Monitoring Database (GMD). The database relies on best available multi-topic data from household surveys.

8. In Latvia, on harmonisation of poverty statistics is based on the EU-SILC framework. The presentation illustrated the challenges that were successfully overcome in introducing the new EU-SILC survey on income and living conditions in Latvia. It was also

pointed out that the statistical office should play a leading role in the development of administrative registers in the country, with particular attention to income registers.

9. In 2015, Azerbaijan conducted a pilot study as part of household budget survey to evaluate the material deprivation in the country using Eurostat methodology. To improve further the comparability of the survey with EU-SILC, Azerbaijan plans to add questions on employment issues, such as the number of hours of work per week, type of contract, and activity calendar for the past 12 months.

B. Harmonising data collection in household surveys

10. The UNECE project "Harmonized poverty indicators for monitoring sustainable development in CIS countries" with the objective to strengthen the statistical capacity for producing poverty indicators is in its second year of implementation. The analysis of the expenditure module of household surveys carried out in this project showed that the countries' data collection on expenditure vary largely in frequency, surveyed goods and services, and level of aggregation. Nevertheless, since the majority of countries use the COICOP classification, this could allow for harmonisation up to a certain aggregation level. Likewise, countries that are not using COICOP classification have similar approaches in identifying expenditures in their questionnaires, which could also support possible harmonization in the future.

11. The income module at aggregated level was found largely comparable across the countries. Most questionnaires define the income structure as follows: income from employment, remittances, property income, from sales, and different allowances and transfers. Countries have a varying number of additional clarification questions on income sources and type of jobs, as well as different practices in addressing social benefits and income from agricultural activities. There are also challenges in applying valuation of transfers in-kind and using different sources for collecting data on household versus individual income.

12. There is no agreed common approach on measuring deprivations, which poses a challenge for harmonising this module. All countries include durable goods, and in particular, the five EU-SILC deprivation items on durable goods. However, the rest of the questions vary significantly across countries from access to internet at home to ability to 'make ends meet'. Housing conditions, access to health and educational services are present in the questionnaires in most of the countries.

13. In the context of the project, the UNECE consultant developed a model set of survey questions on expenditure, income and deprivations for household budget survey. The aim is to establish a common approach to poverty measurement in CIS countries, in line with international standards, and achieve the maximum possible harmonisation under the existing conditions. The questions address essential needs for poverty measurement, including those for monitoring SDGs.

14. The group exercise conducted in the workshop addressed the following issues:

(a) There is no final consensus yet, at international level, with respect to the definition and production of the indicator on *social protection* (SDG indicator 1.3.1). The proposed questionnaire allows for a minimum measurement based on information on the type of social benefits (sickness, education, disability, old age, unemployment, family/children, housing, etc.) and access to social security system. The discussion highlighted the difficulties in producing disaggregated measures by the different vulnerable groups receiving the social protection.

(b) Countries have not reached yet full consensus on the definition of *basic services* and most countries do not have a formally approved list of basic services to be reported at the government level (SDG indicator 1.4.1). The most common international definition of access to basic services includes access to clean water, access to sanitation, access to basic education, health care and quality of food. Participants pointed out the need for clarifying sub-questions, for example, to specify the source of water (tap, well, etc.) when answering the question "access to clean water" as in many cases a direct "yes/ no" answer would be difficult to obtain.

(c) Regarding the proposed *income questions*, countries noted that they include in their questionnaires social transfers in-kind, such as transport services, health care (including medicines), education services and food provision. Although the countries did not have experience with the proposed classification of social protection benefits based on ESSPROS, they do not see difficulties in using it.

(d) On the proposed questions on valuing *food expenditures*, countries preferred the acquisition approach to that of consumption. It was noted that the interviewed person could recall more precisely, what she/he has bought (in a seven-day period) than record what she/he actually consumed. Experience with the consumption approach shows higher non-response rates since the detailed diaries are difficult to maintain.

(e) *Deprivation* questions are important to collect data for the SDG indicators of measuring access to basic services (indicator 1.4.1) and multidimensional poverty (indicator 1.2.2.). Most deprivation items used in EU-SILC are relevant to countries of Eastern Europe, Caucasus and Central Asia. Currently, the household budget survey questionnaires in those countries contain long lists of durables. It was noted that that a shorter list conducive to regional and international comparability is much needed. Conducting the questionnaire on deprivation once a year was seen as sufficient. Regarding housing conditions, questions should be phrased carefully in order to exclude subjective answers and interpretations.

C. Conclusions

15. Next steps in the UNECE project include testing of the model set of questions in a few countries. During this stage, the UNECE consultant will ensure that national practice is considered in the work and that the outputs are applicable in other countries' contexts. Based on the model set, poverty related variables and indicators will be tested. Once finalized, the tool will be shared with the countries and recommended for use in their own practices.

16. Participants expressed satisfaction with the workshop and its relevance to their needs. They appreciated the opportunity to discuss and exchange experiences and expressed commitment for further collaborative work in the future.